

# Power Sector

## Neutral Maintained

ใน 3Q66 เราแนะนำให้ถือหุ้นโรงไฟฟ้าใหญ่ที่ไม่ได้รับผลกระทบจากปัจจัยการเมืองมากนัก และมีพื้นฐานแข็งแกร่ง (เติบโตและราคาหุ้นน่าสนใจ) โดยเราชอบ BGRIM\* มากสุดในกลุ่มตอนนี้ ดูเหมือนว่าท่ามกลางปัจจัยลบรวมเราอย่างเช่นความกังวลเกี่ยวกับนโยบายด้านไฟฟ้า นักลงทุนได้ derate หุ้นโรงไฟฟ้าไปตั้งแต่หลังเลือกตั้ง โดยเรามองว่าราคาหุ้นในปัจจุบันมี downside จำกัด มี risk/reward ที่น่าสนใจ, ถ้าไม่มีแนวโน้มเติบโตตามการขยายกำลังการผลิต และปัจจัยภายนอกจะเป็นบวก ดังนั้น นักลงทุนที่ชอบเสี่ยง (Risk lovers) อาจจะเข้าซื้อสะสมหุ้นโรงไฟฟ้าได้ที่ราคาตอนนี้ ในขณะที่นักลงทุนที่รับความเสี่ยงได้น้อย (low-risk appetite) อาจจะรอดูความชัดเจนของนโยบายด้านไฟฟ้าก่อน

## ฟ้าไม่เป็นที่ใจ

### Event

อัปเดตกลุ่มโรงไฟฟ้า

### Impact

#### ถูกกระทบด้วยพายุสามลูกใหญ่

#1 แรงกดดันทางการเมือง นักลงทุนส่วนใหญ่หรือคู่สถานการณ์ว่านโยบายของรัฐบาลใหม่จะออกมาเป็นอย่างไร โดยมีความเสี่ยงในสามด้าน ได้แก่ i) การปรับลดค่า Ft 0.7 บาท/kWh (เรามองว่าเป็นไปได้ แต่เร็วเกินไป) ซึ่งจะทำให้หนี้ของ กฟผ. ยืดออกไป ii) การปรับลดค่าความพร้อมจ่าย (Available Payment หรือ AP) (มีความเป็นไปได้ต่ำเพราะมีภาระผูกพันทางกฎหมาย) และ iii) การทลายธุรกิจผูกขาด (มีโอกาสประสบความสำเร็จต่ำ)

#2 วันขึ้นคืนสุขผ่านพ้นไปแล้ว เราคิดว่า margin ของ SPP ซึ่งเพิ่งฟื้นมาได้แค่ครึ่งทาง จะไม่กลับไปอยู่ระดับปกติเหมือนในอดีต เพราะอัตราค่า Ft ลดลงเร็วเกินไป เร็วกว่าราคาขายที่ลดลง ซึ่งยังสูงกว่าในอดีต (Figure 5-8) ดังนั้น เราจึงคาดว่าแนวโน้มการปรับราคาโรงไฟฟ้า ด้วยประเด็นนี้เป็นหลัก

#3 PDPs ที่รอมานาน ถึงแม้ว่าเว็ชต์นามจะออก PDP8 มาแล้ว แต่แน่นอนจะมีการกำหนดกรอบเวลาการเปิดประมูลใน 3Q66 หรือหลังจากนั้น และเป็นแผนระยะยาว ในขณะที่เดียวกัน PDP ฉบับใหม่ของไทยยังน่าจะคงใช้เวลาอีกระยะหนึ่งเนื่องจากความไม่แน่นอนทางการเมือง นอกจากนี้เรายังควรจับตาดูความคืบหน้าของการเปิดโครงการพลังงานหมุนเวียนกำลังการผลิตรวม 5.3GWh ซึ่งอาจถูกเลื่อนแผน PPA's ออกไป ทั้งนี้ เรามองว่าบริษัทในกลุ่มน่าจะหาดีลใหม่ ๆ ที่มี IRRs ดีเหมือนในอดีตได้ยาก เพราะการแข่งขันที่เข้มข้น และต้นทุนการดำเนินงานที่สูงจากภาวะเงินเฟ้อ และดอกเบี้ยขาขึ้น

อย่างไรก็ตาม นอกจากราคาหุ้นที่น่าสนใจ และปัจจัยสนับสนุน (ราคาน้ำมัน, อัตราผลตอบแทนพันธบัตร และอัตราแลกเปลี่ยน US\$/THB) แล้ว เรายังคาดว่ากำไรของกลุ่มในปี 2566F น่าจะเพิ่มขึ้นด้วย นำโดย GULF\*, GPSC\*, RATCH\* และ BGRIM\* ซึ่งคาดว่ากำไรจากโครงการใน pipeline จะแข็งแกร่ง นอกจากนี้เรายังมองว่าผลประโยชน์ของ GPSC\* และ BGRIM\* อาจจะคิดตัวขึ้นแรงมาก

### Valuation and action

ใน 3Q66 เราแนะนำให้ถือหุ้นโรงไฟฟ้าใหญ่ที่ไม่ได้รับผลกระทบจากปัจจัยการเมืองมากนัก และมีพื้นฐานแข็งแกร่ง (เติบโตและราคาหุ้นน่าสนใจ) โดยเราชอบ BGRIM\* มากสุดในกลุ่มตอนนี้ ดูเหมือนว่าท่ามกลางปัจจัยลบรวมเราอย่างเช่นความกังวลเกี่ยวกับนโยบายด้านไฟฟ้า นักลงทุนได้ derate หุ้นโรงไฟฟ้าไปตั้งแต่หลังเลือกตั้ง โดยเรามองว่าราคาหุ้นในปัจจุบันมี downside จำกัด มี risk/reward ที่น่าสนใจ, ถ้าไม่มีแนวโน้มเติบโตตามการขยายกำลังการผลิต และปัจจัยภายนอกจะเป็นบวก ดังนั้น นักลงทุนที่ชอบเสี่ยง (Risk lovers) อาจจะเข้าซื้อสะสมหุ้นโรงไฟฟ้าได้ที่ราคาตอนนี้ ในขณะที่นักลงทุนที่รับความเสี่ยงได้น้อย (low-risk appetite) อาจจะรอดูความชัดเจนของนโยบายด้านไฟฟ้าก่อน

### Risks

ปิดโรงไฟฟ้านอกแผน, ปัญหา cost overruns, ความผันผวนของ FX และอัตราดอกเบี้ย

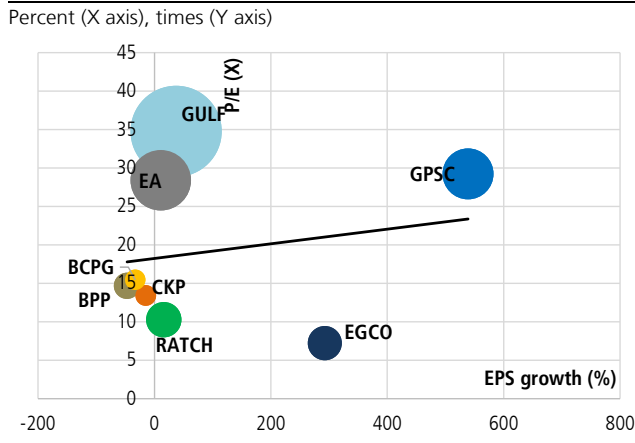
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### Peer comparison

Stocks	Rating	TP	Mkt.price	Upside	Mkt.cap	Implied	EPS (Bt)			EPS growth (%)			PE (x)			BPS			PBV (x)			Div. yield		ROE (%)			
		Bt	Bt	(%)	(Bt bn)	PE-22F	22	23F	24F	22	23F	24F	22	23F	24F	22	23F	24F	22	23F	24F	23F	24F	22	23F	24F	
BGRIM*	OP	43.00	37.50	14.7	98	73.1	-0.5	0.6	1.0	N.A.	N.A.	65	-79	64	39	16.2	17.2	18.4	2.3	2.2	2.0	0.7	3.0	-3.0	3.4	5.3	
GPSC*	OP	69.00	59.50	16.0	168	48.6	0.3	1.4	1.9	-88	349	32	188	42	32	40.8	41.7	42.9	1.5	1.4	1.4	1.3	1.4	0.8	3.4	4.4	
GULF*	OP	60.00	46.25	29.7	543	44.0	1.0	1.4	1.7	49	40	22	48	34	28	11.6	12.2	13.1	4.0	3.8	3.5	1.8	2.2	8.4	11.2	12.7	
RATCH*	N	41.00	37.50	9.3	54	11.7	2.7	3.5	4.3	-51	32	22	14	11	9	49.4	51.3	53.9	0.8	0.7	0.7	4.3	4.4	5.4	6.8	7.9	
EGCO*	N	166.00	143.00	16.1	75	10.2	5.1	16.2	17.5	-35	218	8	28	9	8	229.4	238.8	249.6	0.6	0.6	0.6	4.9	4.9	2.2	6.8	7.0	
BCPG*	N	10.40	9.35	11.2	27	18.7	0.9	0.6	0.5	22	-39	-2	10	17	17	10.1	10.2	10.4	0.9	0.9	0.9	4.0	4.1	9.0	5.4	5.2	
BPP*	N	14.60	14.70	-0.7	45	14.6	1.9	1.0	1.1	84	-46	7	8	15	14	17.1	17.4	17.8	0.9	0.8	0.8	4.4	4.4	10.9	5.8	6.0	
CKP*	N	4.00	3.44	16.3	28	26.6	0.3	0.2	0.2	12	-50	12	11	23	20	4.7	4.7	4.8	0.7	0.7	0.7	2.9	3.2	6.4	3.2	3.5	
<b>Sector : Neutral</b>							<b>-20.2</b>	<b>35.2</b>	<b>20.6</b>	<b>28.6</b>	<b>26.7</b>	<b>20.8</b>				<b>1.5</b>	<b>1.4</b>	<b>1.3</b>	<b>3.0</b>	<b>3.4</b>	<b>5.0</b>	<b>5.7</b>	<b>6.5</b>				

Source: KGI Securities Research

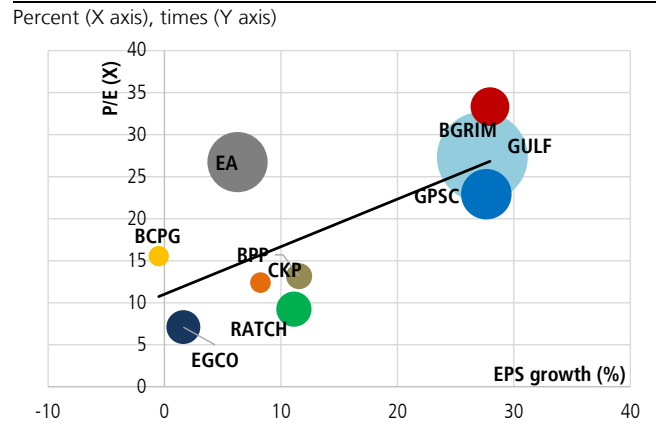
**Figure 1: Street's 2023F P/E vs. EPS growth**



Source: Bloomberg, KGI Securities Research

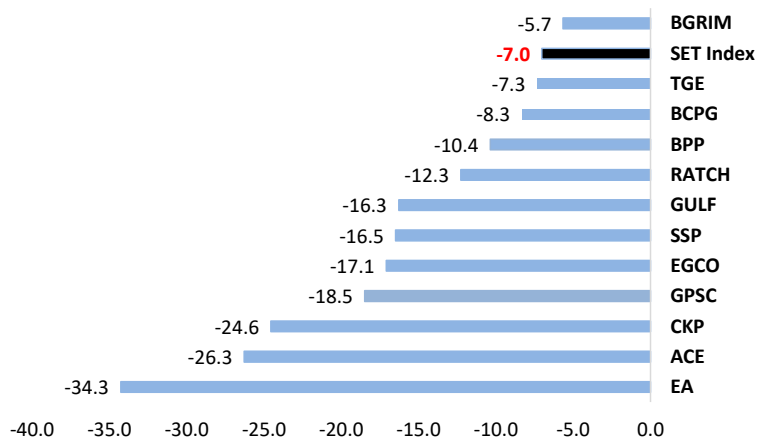
\*Note: BGRIM has N.A. growth due to its negative EPS in 2022

**Figure 2: Street's 2024F P/E vs. EPS growth**



Source: Bloomberg, KGI Securities Research

**Figure 3: Sector share prices YTD performances (as of June 12, 2023)**



Source: Bloomberg, KGI Securities Research

**SPP margins only halfway to fully recovering**

**Good old days are gone.** SPP margins are unlikely to return to the levels seen in the past due to a too fast decline in the Ft rate (faster pace than the drop in gas prices), which is still higher than historically. Pressures are largely from populous policies like a plan to cut Ft rate by Bt0.70/kWh, which may lead to prolonged debts for EGAT (possible, but too fast, in our view). Other pressures are Available Payment (AP) cuts (low chance on legal grounds); and breaking monopolies (low success rate).

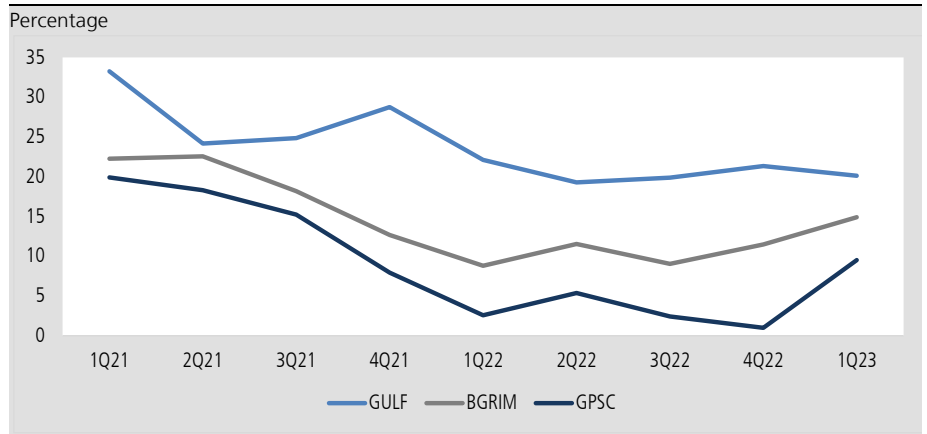
A Ft rate reduction is likely to come faster than it should due to political intervention, while the pool gas price drop is at a slower pace and still higher than in the past. SPP margins are only halfway to fully recovering, especially BGRIM and GPSC. Although their margins are in an uptrend mode, they are unlikely to rebound as much as most had expected. This would be one of the reasons to downgrade earnings, while we factored in a Bt0.5/kWh Ft rate cut in September-December 2023.

Energy prices We now project 2023F gas prices of Bt390/mmbtu (from Bt495/mmbtu in 2022). SPP gas price is expected to plunge during 2Q23F-3Q23F, before stabilizing QoQ in 4Q23F, backed by a sharp drop in LNG prices and ramping-up of production at the Erawan gas field – positive to SPP players, led by BGRIM, GPSC, and GULF.

In May 2023, we continue to see a move backwards in terms of JKM (gas price benchmark) and ICE Newcastle (coal) forward curve – lower than March 2023’s data – implying a fall in prices in the future contracts (Figure 11).

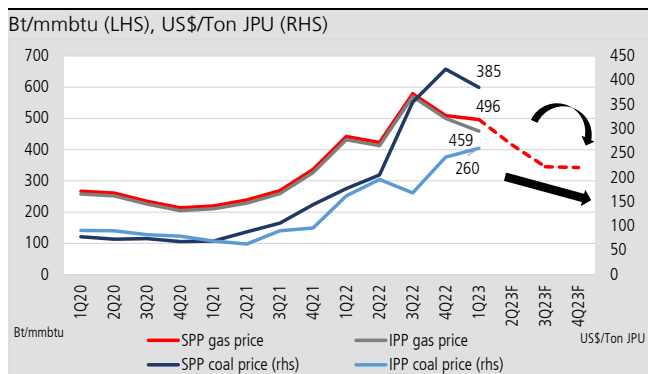
Ft rate We expect the final round of Ft rate (September-December 2023) to be at Bt0.4119/kWh (-Bt0.5/kWh, not Bt0.7/kWh like the Move Forward Party is proposing). We also assume an unchanged Ft rate in 2024 with an average of Bt0.4119/kWh

**Figure 4: Margins of top three players (GULF, BGRIM, GPSC) only halfway to fully recovering**



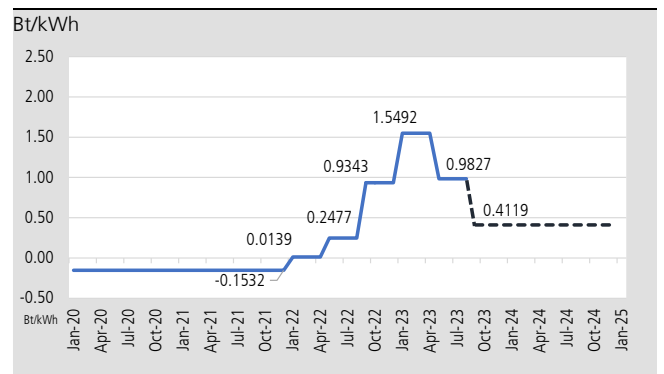
Source: Bloomberg, KGI Securities Research

**Figure 5: Gas and coal price movements and forecasts**



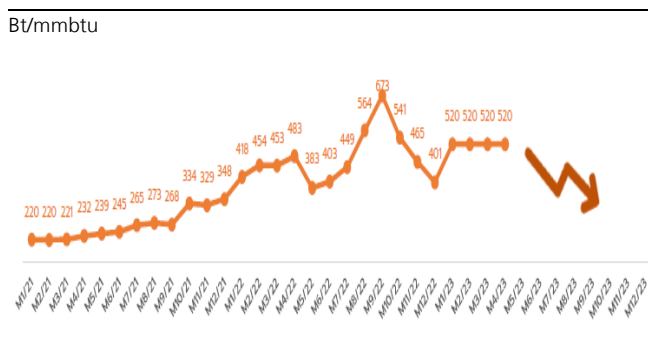
Source: Company data, KGI Securities Research

**Figure 6: Ft rate to trend down ahead**



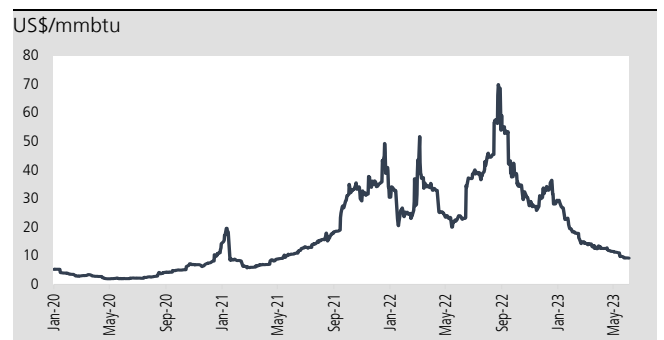
Source: Company data, KGI Securities Research

**Figure 7: SPP gas price trend for power players**



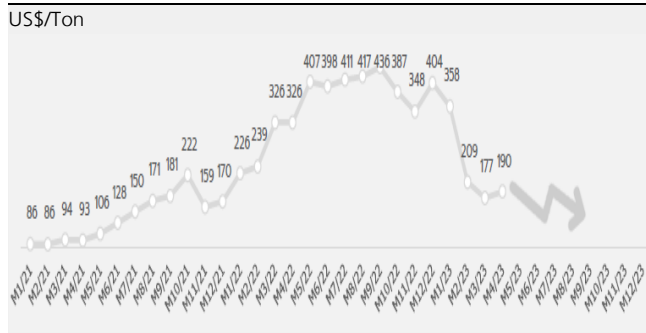
Source: Company data, KGI Securities Research

**Figure 8: Asia LNG JKM price**



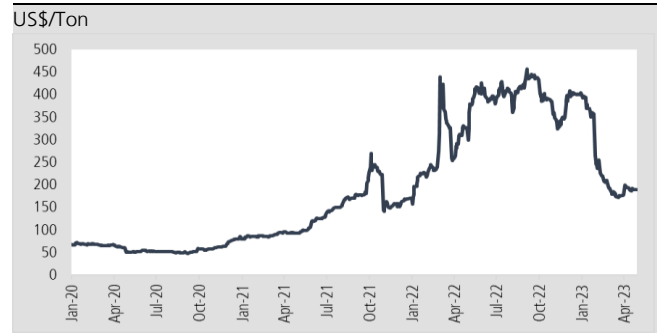
Source: Bloomberg, KGI Securities Research

**Figure 9: ICE Newcastle coal price trend for power players**



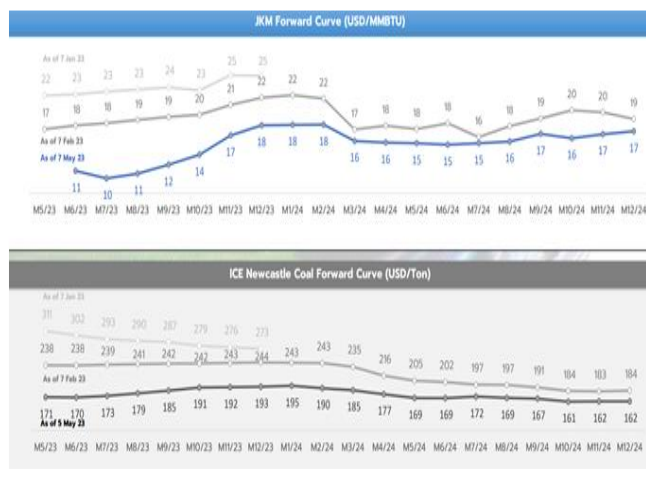
Source: Company data, KGI Securities Research

**Figure 10: Newcastle coal price**



Source: Bloomberg, KGI Securities Research

**Figure 11: Forward curve of LNG JKM & ICE Newcastle coal contracts – Still lower than previous data**



Source: Company data, KGI Securities Research

**Figure 12: Top 3 stocks: Sensitivity (Ft rate, gas price, and US\$/THB), and revenues from IUs**

Company	(+/-) 1 satang/year change in Ft rate
GULF	Bt30-35mn to full-year net profit
GPSC	Bt60mn to full-year net profit
BGRIM	Bt18mn to full-year net profit

Company	(+/-) US\$/THB change per quarter
GULF	Fx gain/loss of Bt850mn
BGRIM	Fx gain/loss of Bt300mn
GPSC	Fx gain/loss of Bt370mn

Company	(+/-) Bt10/mmbtu change in SPP gas price
GULF	Bt120mn to full-year net profit
GPSC	Bt350mn to full-year net profit
BGRIM	Bt170mn to full-year net profit

Company	IU portion to core revenue
GULF	10-13%
GPSC	22-25%
BGRIM	20-23%

Source: Company data, KGI Securities Research

**Stronger El Niño through the rest of 2023**

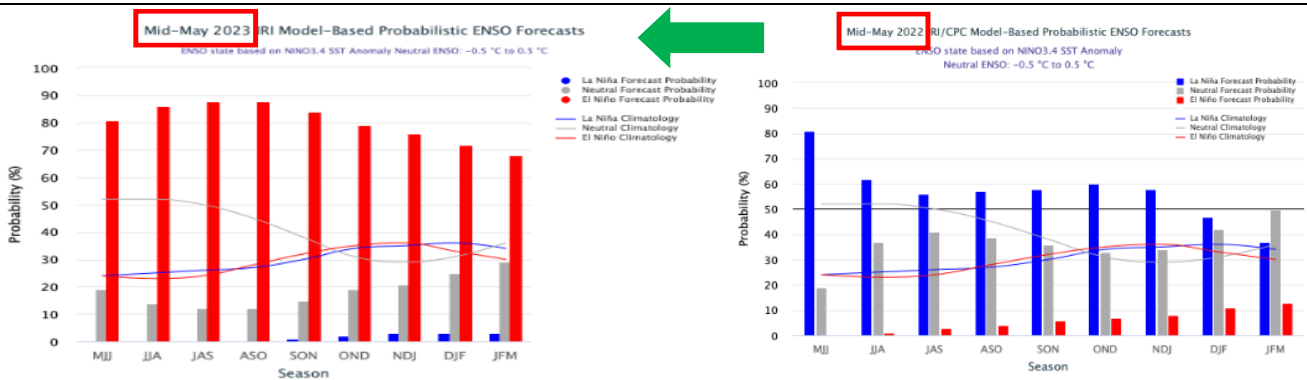
The probability of El Niño has risen to 85-90% during June to October 2023 – higher than March’s forecast and the El Niño conditions typically last 2-5 years. Hydropower plants will likely be impacted the most after enjoying La Niña conditions in 2022.

This time around, in Thailand, Thailand’s Meteorology Bureau projects the El Niño impact to be close to what was seen in 2001-2002 and 2014-2015, while it forecasts rainfall to be 5% lower than the average, suggesting moderate El Niño conditions.

We foresee weak operations YoY at both storage dams and run-of-river types, although the operations should see seasonal tick-up improvement. In 2Q23F, Xayaburi would have a tick-up rise in production, while NN2 already declared electricity volume of 295GWh (-8% QoQ, -25% YoY).

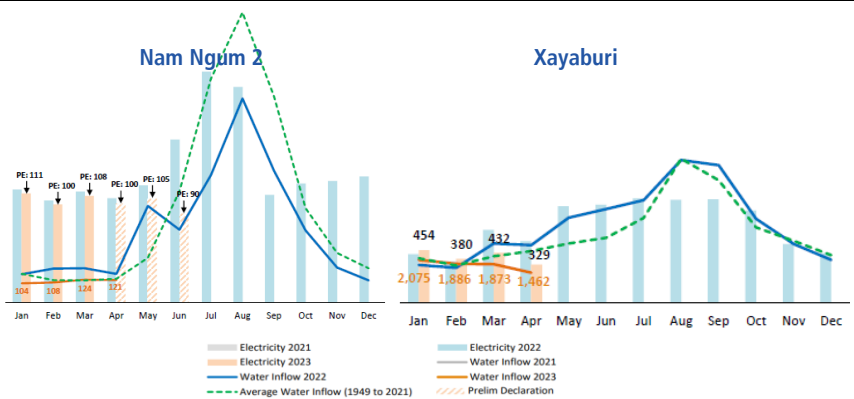
CKP seems the most obvious victim from this event, followed by BCPG, GPSC and RATCH.

**Figure 13: Foresee El Niño (warming) conditions in 2023 (YoY higher red columns) after the severe La Niña conditions in 2022**



Source: Columbia Climate School, KGI Securities Research

**Figure 14: High El Niño probability results in lower water inflow from drought**



Source: CK Power, KGI Securities Research

### Rising stream of carbon credit in Thailand

Based on our study report on carbon credit released April 12, 2023, Thailand is in the early stages with a voluntary scheme and domestic standards like T-VER. Hence, the nation’s volume and prices are far crier from the schemes of developed markets, such as emission trading system (ETS). Still, in 2023, the Excise Department is studying a carbon tax by compliance before implementation in the future. Meanwhile, Thailand’s Greenhouse Gas Management Organization (TGO), an organization to deal with greenhouse gas emission in Thailand, is studying Premium T-VER to be comparable with global standards like Gold Standard (GS), Verra’s Verified Carbon Standard (VCS), Climate Action Reserve (CAR), and American Carbon Registry (ACR).

We are upbeat about the long-term growth opportunities from the sale of carbon credits, as Thailand is in the early stages versus leaders like the EU. There should be broad-based beneficiaries, largely renewable energy (RE) players (BCPG, BGRIM, Energy Absolute (EA.BK/EA TB)\*, Absolute Clean Energy (ACE.BK/ACE TB)\*, GPSC, and Thachang Green Energy (TGE.BK/TGE TB)) and those interested in joining the value chain such as Wave Entertainment (WAVE.BK/WAVE TB) (advisory), Super Energy Corporation (SUPER.BK/SUPER TB) (trading platform), and Ditto (Thailand) (DITTO.BK/DITTO TB) (forestation). At this point in time, selling all carbon credits in hand may create trivial upside for the companies (<5% of the Street’s earnings forecasts in 2023F-24F).

The story of carbon credit could be both positive and negative to power players depending on how they adjust. This is because the utilities sector is the biggest GHG emitter. The coming of carbon credit may result in huge extra expenses to these companies. On the flipside, those who have excess credits in hand could realize windfalls.

**Figure 15: Our study: Impact of carbon credit to companies' net profits in 2022**

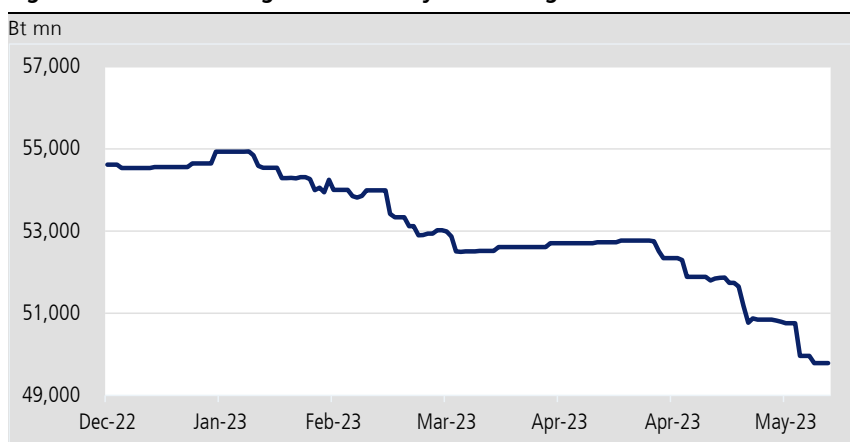
Group	Sector	2022		Impact to 2022's net profit (Btmn)					
		Net profit (Btmn)	GHG emissions (tCO2e)	Carbon prices (Bt/tCO2e)			Percentage		
				Case I 40	Case II 110	Case III 2,100	Case I %	Case II %	Case III %
3	Agribusiness	11,172	0.8	31	85	1,621	0.3	0.8	14.5
4	Food & Beverage	67,482	5.5	220	604	11,538	0.3	0.9	17.1
1	Energy (oil & gas)	283,972	10.0	399	1,096	20,933	0.1	0.4	7.4
3	Automotive	6,874	2.0	80	220	4,198	1.2	3.2	61.1
3	Industrial Materials & Machinery	3,488	1.8	71	195	3,716	2.0	5.6	106.5
3	Paper & Printing Materials	739	0.1	4	11	214	0.6	1.5	28.9
2	Petrochemicals & Chemicals	29,081	13.2	530	1,457	27,810	1.8	5.0	95.6
3	Packaging	12,932	5.0	201	553	10,558	1.6	4.3	81.6
2	Steel and Metal Products	(2,718)	0.3	14	37	713	(0.5)	(1.4)	(26.2)
3	Electronic Components	23,870	8.1	323	888	16,961	1.4	3.7	71.1
3	Construction Materials	39,661	16.6	663	1,824	34,829	1.7	4.6	87.8
3	Property Development	72,723	9.8	392	1,078	20,572	0.5	1.5	28.3
3	Property Fund & REITs	18,401	0.7	28	77	1,462	0.2	0.4	7.9
3	Construction Services	(2,767)	2.4	95	262	5,004	(3.4)	(9.5)	(180.8)
1	Utilities	49,053	103.4	4,135	11,370	217,067	8.4	23.2	442.5
2	Mining	(166)	0.0	0	0	3	(0.0)	(0.1)	(1.7)
4	Commerce	59,120	5.7	230	631	12,055	0.4	1.1	20.4
4	Health Care Services	34,818	0.5	20	55	1,054	0.1	0.2	3.0
4	Media & Publishing	5,446	0.1	5	13	257	0.1	0.2	4.7
4	Tourism & Leisure	(1,822)	0.2	8	22	411	(0.4)	(1.2)	(22.5)
5	Transportation & Logistics	17,822	26.6	1,065	2,929	55,912	6.0	16.4	313.7
4	Information & Communication Technology	35,488	2.3	94	258	4,930	0.3	0.7	13.9
<b>Summary</b>		<b>764,670</b>	<b>215</b>	<b>8,606</b>	<b>23,667</b>	<b>451,818</b>	<b>1.1</b>	<b>3.1</b>	<b>59.1</b>

Source: KGI Securities Research

### Earnings downgrade flow: 10% YTD cut and more expected

**2023F earnings cuts YTD.** We have seen sector earnings downgraded 10% YTD, on broad-based cuts to all power stocks except BCPG, which had three new acquisitions. The top-five biggest cuts were to CKP (-17%), Electricity Generating (EGCO.BK/EGCO TB)\* (-15%), RATCH-14%), GPSC (-11%), and Banpu Power (BPP.BK/BPP TB)\* (-9%).

**Expecting further earnings downgrades.** Due to the too fast decline in Ft rate and slow pace of new M&As with low returns, it seems investors are toning down their projections, especially on SPPs (BGRIM and GPSC). That said, we cut our earnings forecasts for most power stocks under our coverage to reflect a more conservative stance, so our combined earnings are 12% lower than the Bloomberg consensus now.

**Figure 16: Sector earnings forecasted by Bloomberg consensus**


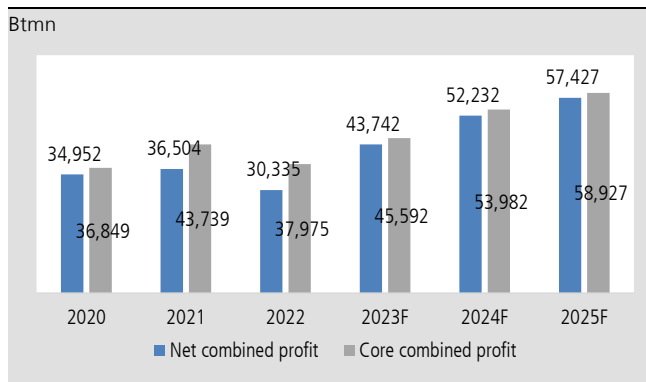
Source: Bloomberg, KGI Securities Research

### Positive #1 - 2023F sector earnings to roar back

We expect net combined sector earnings to grow 44% YoY in 2023F, led by GULF, GPSC, RATCH, and BGRIM with impressive profits from projects in their pipelines. GPSC and BGRIM should see strong rebounds. Key drivers would be new projects, energy price downturn, higher Ft rate, and cost management. Upside risks are from new M&As, lower energy prices, and lower cost efficiency. We think the positive factors have already been factored into investor expectations to some degree.

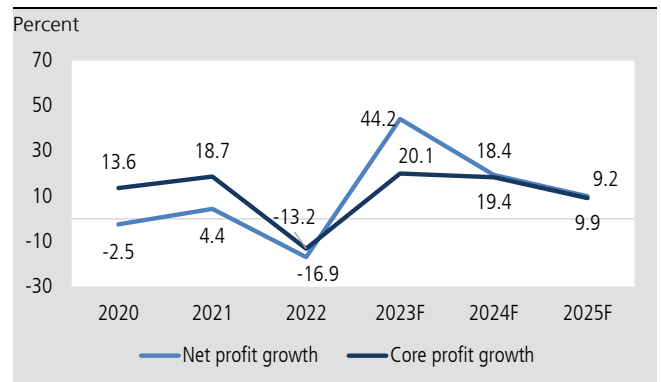
- GULF: GPD Unit 1-2, Jackson, Duqm Phase 2-3 and projects in the pipeline (expect profit to grow 63% YoY).
- EA: Higher utilization rate of 1GWh battery plant, greater EV bus sales.
- GPSC and BGRIM: Earnings to roar back from decline in SPP gas prices.

**Figure 17: Aggregated net and core profits**



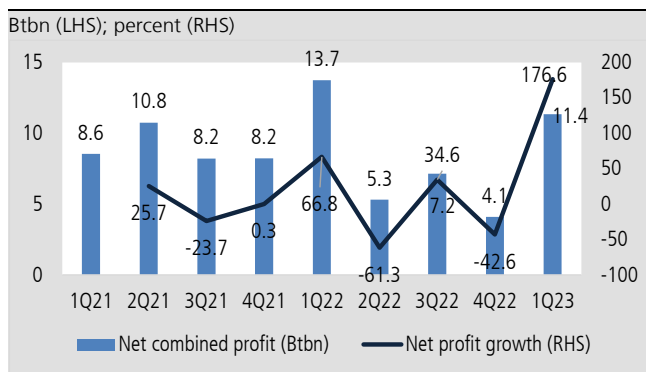
Source: Company data, KGI Securities Research

**Figure 18: Net and core profit growths**



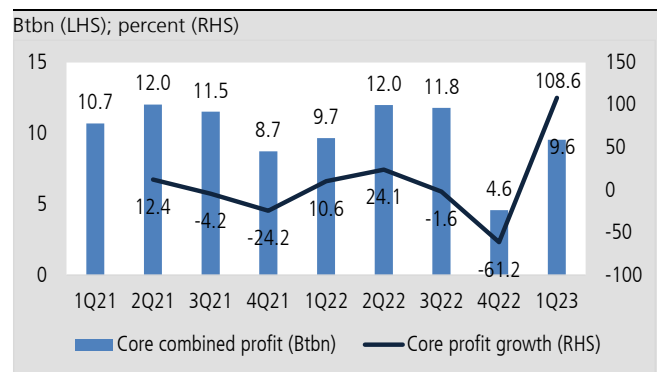
Source: Company data, KGI Securities Research

**Figure 19: Combined quarterly net profit and growth (QoQ)**



Source: Company data, KGI Securities Research

**Figure 20: Combined quarterly core profit and growth (QoQ)**



Source: Company data, KGI Securities Research



Figure 21: 2Q23, 3Q23, and 2023 outlook of the sector

2Q23F		3Q23F		2023F	
Tone	Catalysts	Tone	Catalysts	Tone	Catalysts
Positive	<p>▪2Q23F aggregated earnings should rise further QoQ largely on plunge in gas prices (-20% QoQ) despite lower Ft rate, and stronger demand from summer season and unusual hot. Most of power plants are likely to resume their operations to gain benefit from summer, while some have new commencing operations such as GULF, BCPG, and GPSC. With current US\$/THB, there would be few FX losses.</p> <p>▪Stocks - that should deliver provide a strong QoQ rise, would be SPPs (BGRIM, GPSC), and GULF (new projects and wider margin).</p>	Positive	<p>▪Momentum gain pace. We foresee continued rise in core combined earnings fueled by: a drop of SPP gas prices (-15-17% QoQ) vs lower Ft rate; new commencing operations of some projects (Jackson, Paiton, GPD, Avaada) This is despite negatives from higher SG&amp;A, some maintenances, and further rise in interest costs. Although hydropower plants may book seasonal stronger contribution, we should see a severe drop in YoY on strong probability of El Nino</p> <p>▪Stocks - SPPs should continue to perform well in 3Q23 - led by growth from GULF (new capacity and wider margin), followed by BGRIM &amp; GPSC (wider margin) and RATCH (Paiton project)      •On 5.2GWh renewable (SCOD: 2024-30), the PPA sign may be gradually sign in 2H23 or delayed due to uncertainty from ...</p>	Positive	<p>▪Catalysts are far and blurred mainly on politics, except for 2023F growth and valuation. Only 2023F sector earnings growth with new expansion, compelling valuation, and favorable external factors (USD/THB, bond yields, and oil prices) to be catalysts in our sight. Sector share prices have underperformed SET Index in YTD on political pressure, but we expect to see a rebound at the very least once having more clarity should also reverse, resulting in stronger share price momentum. Power plays should benefit from downward gas price from 2Q23F, while lower coal cost may be in 2H23.</p> <p>▪Highlighted stocks consist of:                      - GULF: GPD Unit1-2, Jackson, Duqm Phase2-3 and projects in the pipeline (an expected +63% YoY profit growth);      - EA: higher U.rate of 1GWh battery plant, higher EV bus sales;      - GPSC and BGRIM - roaring-back earnings from expected fall in SPP gas prices</p>

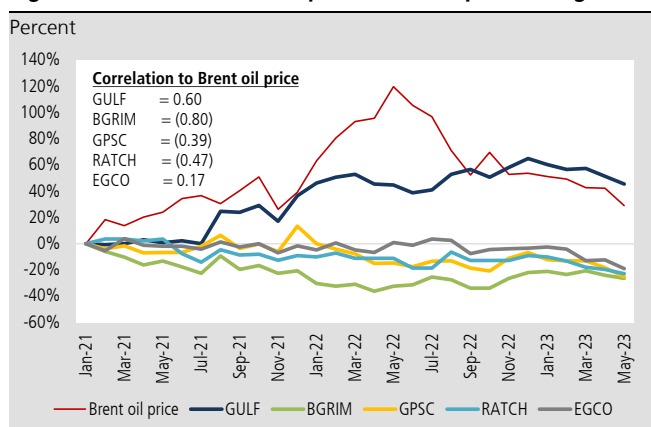
Source: KGI Securities Research

### Positive #2 - External tailwinds (oil prices, US\$/THB, and bond yields) to favor our views in 2H23

Three external factors would continue to favor our views in 2H23F. We estimate US\$/THB rate to appreciate in 2H23F, while bond yields and oil prices should trend down further on recession fear. Share prices and opex have the greatest sensitivity to oil prices, especially SPPs, followed by US\$/THB and bond yields. GULF should benefit most from these factors on its superior fundamentals.

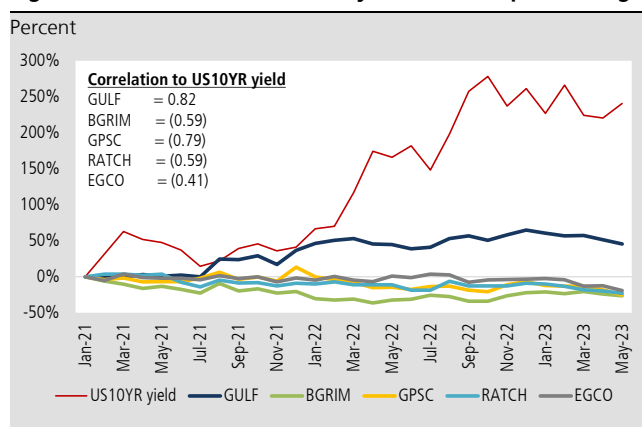
All the share prices of power stocks in our coverage have plunged QTD due to political pressure outweighing positive sentiment from the three factors mentioned above.

Figure 22: Correlation of oil price vs. share price changes



Source: Bloomberg, KGI Securities Research

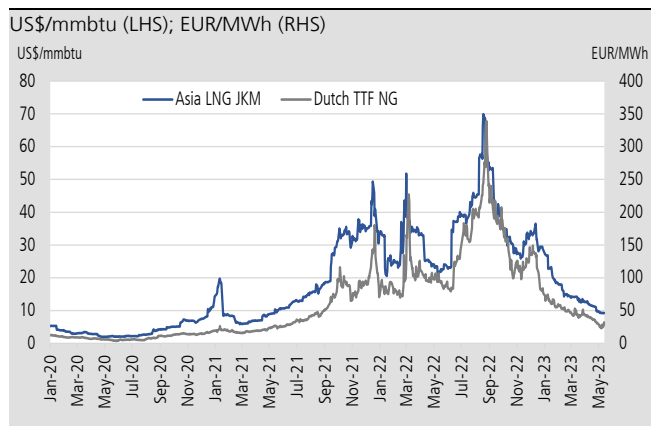
Figure 23: Correlation of US10YR yield vs. share price changes



Source: Company data, KGI Securities Research

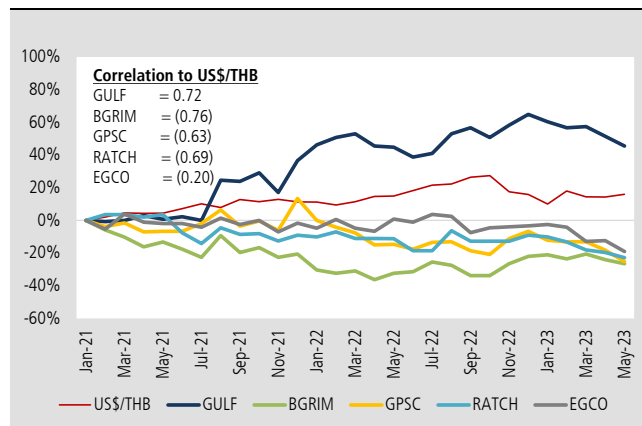


**Figure 24: Asia LNG JKM & Dutch TTF NG prices**



Source: Bloomberg, KGI Securities Research

**Figure 25: Correlation of US\$/THB vs. share price changes**



Source: Company data, KGI Securities Research

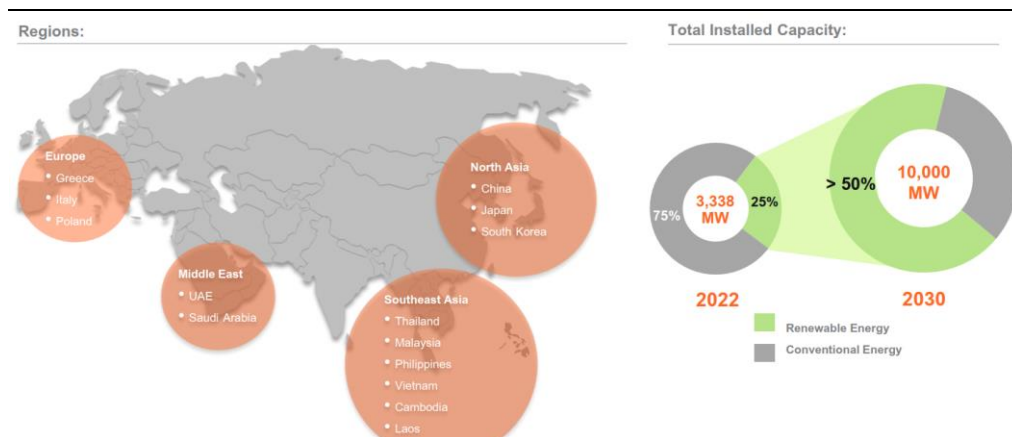
### Three reasons why we pick BGRIM in 3Q23

#### A more comfortable choice in the sector...

It seems investors are avoiding and adopting a wait-and-see attitude toward stocks that may be negatively impacted by the policies of the Move Forward Party (upcoming new government). We need to prudently pick a stock that should feel less impact than peers until there is a clearer picture on the political front.

- **Not much impact from political issues.** Since there are no IPPs in BGRIM’s portfolio, there is no noise from the possible policy to revise Available Payment (AP). Meanwhile, BGRIM would be unfazed by policies such as breaking monopolies.
- **Margin recovery is underway.** We expect BGRIM’s 2Q23F-3Q23F earnings to roar back QoQ and YoY on a stronger gross margin following a plunge in SPP gas prices. BGRIM also has no hydropower plants at operating at full capacity, so the company should not realize any significant impact from severe El Niño conditions in 2H23.
- **Potential player with earnings set to roar back in 2023F.** Having partners in more than 10 nations around the world could bring new projects with synergies, especially in Vietnam. We forecast BGRIM’s 2023F-2025F core profits to grow 309% YoY / 65% YoY / 20% YoY, backed by lower gas prices, higher Ft rate, and projects in the pipeline.

**Figure 26: BGRIM's ambition vs. current stance**



Source: Company data, KGI Securities Research

# Corporate Governance Report of Thai Listed Companies



## Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BCPG	BCPG	KBANK	KASIKORN BANK	SEAFSCO	SEAFSCO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B. GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENDEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAICOM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	



## Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SRI SAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAI FOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERAWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		



## Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

## Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

Source: www.thai-iod.com

**Disclaimer:** The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

## Anti-corruption Progress Indicator

### Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORNBANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

### Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFCO	SEAFCO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

### Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

### No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BPCPG	BPCPG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: [www.cgthailand.org](http://www.cgthailand.org)

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<b>Rating</b>	<b>Definition</b>
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  Excess return = 12M target price/current price-
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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